

Air France-KLM: employee shareholding operation planned

I Letter from François Robardet

At the forefront of more responsible European aviation, we bring people together to build the world of tomorrow.

(Raison d'être of the Air France-KLM group)



former Director Air France-KLM

Representative of current and former employee shareholders PS and PNC

N°932, October 2, 2023

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Editorial

Dear readers,

The immediate news for employees (and former employees) of the Air France-KLM group concerns the opening up of the company's capital.

However, I would like to draw your attention to the Dossier: Tomorrow's sustainable aviation, at the end of this letter.

Happy reading
François

Monday's Press Review

> Air France-KLM: employee shareholding operation planned

(source CercleFinance) September 29 - **Air France-KLM has announced its intention to launch 'Partners for the future', an employee shareholding operation offered to around 75,000 eligible employees in 20 countries, to strengthen the link between the Group and its employees.**

Around 95% of the airline's workforce will have the opportunity to participate. The

proposed shares will be issued as part of a capital increase, involving a maximum of 3% of Air France-KLM's share capital.

According to the indicative timetable, the decision setting the subscription price will be taken on November 7, the subscription period will run from November 13 to 24, and the capital increase will take place on December 21, 2023.

My comment: Throughout my term of office, I have worked to open up the capital to employees and former employees of the entire Air France-KLM group.

The main novelty of this operation is the possibility of opening the capital of the Air France-KLM group to employees of the entire Air France-KLM group, and therefore to employees of its subsidiaries.

The offer is made within the framework of the company savings plan (PEE), the group savings plan (PEG) and the international group savings plan (PEGI) set up within the Air France-KLM group. It is based on resolutions 34 and 35 of the Annual General Meeting of June 7, 2023 ([see my Flash no. 99](#)).

Eligible employees will be able to subscribe at a discounted price, with the benefit of a matching contribution from the Air France-KLM group. The share subscription price will be equal to the arithmetic average of the closing price of the Air France-KLM share on Euronext Paris over the 20 trading days preceding the date of determination, less a 30% discount.

Eligible former employees will be able to subscribe at a discounted price, but without the benefit of a matching contribution from the Air France-KLM group, reserved for active employees.

Extract from resolution 34: Delegation of authority to the Board of Directors to carry out capital increases reserved for members of a company or Group savings plan. The share capital may be increased on one or more occasions through the issue of new shares to be paid up in cash and, where applicable, through the allotment of bonus shares in lieu of the discount and/or matching contribution and within the limits set by Article L. 3332-21 of the French Labor Code, or of other securities giving access to the capital under the conditions laid down by law, reserved for employees who are members of a company savings plan The beneficiaries of the capital increases, as authorized herein, will be members of a company or group savings plan of the Company or of French or foreign companies affiliated to it.

Extract from resolution 35: Delegation of authority to the Board of Directors to carry out capital increases reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, up to a limit of 3% of the share capital. The capital increase

may be carried out on one or more occasions by issuing new shares for cash and, where applicable, by granting bonus shares in lieu of the discount and/or employer's contribution and within the limits set by Article L. 3332-21 of the French Labor Code, or other securities giving access to the capital under the conditions laid down by law, reserved for employees who are members of a company savings plan.

Note: This information does not constitute a solicitation to buy or sell Air France-KLM shares.

> Portuguese government approves plan to privatize TAP Air Portugal

(source Journal de l'Aviation) September 29 - **TAP Air Portugal is to be privatized once again.** Wishing to take advantage of the opportunities opened up by the company's good results and the strong recovery in air transport, **the Portuguese government passed a decree-law to this effect on September 28**, launching the privatization process. It intends to sell at least a 51% stake in the company.

Four operational conditions have been imposed on potential buyers: they must ensure the growth of TAP, of the Lisbon hub, of point-to-point operations using unused capacity at the country's other airports (notably Porto), and they must commit to investing in high value-added activities in the air transport sector. The French government also wishes to preserve the 5% employee shareholding.

These will have to be led by big names in the sector, who know the business and are planning a long-term investment in the company. "We are very clear. We want large-scale investors in the aeronautical sector, either on their own or in consortiums led by them, who are aligned with our strategic objectives. We have no intention of attracting investments of a purely financial nature that might seek to enter TAP and then sell it or dismantle part of the business, which would ultimately remove its strategic contribution to the country," explains Finance Minister Fernando Medina. The next step for the government will be to choose the external consultants who will advise it in the privatization process. It hopes to be able to present more precise specifications by the end of the year or early in 2024. In the meantime, **preliminary discussions may be held with potential takeover candidates.** The three major European groups have already had the opportunity to express their interest in the company, while waiting to learn of the conditions imposed by the government before committing themselves fully to drawing up a takeover plan. (...) TAP Air Portugal was privatized in 2015, with the Atlantic Gateway consortium led by David Neeleman acquiring a majority stake. It was renationalized in 2020, at the height of the crisis linked to the Covid-19 pandemic.

My comment: *The privatization of TAP Air Portugal was no secret.*

The three bidders will now be able to begin discussions without waiting for detailed

specifications.

> Iberia and Air Europa delay merger due to political power struggle

(source Reportur, translated with DeepL) September 26 - **Iberia's takeover of Air Europa continues to be delayed**, this time due to a dispute between two candidates for the presidency of the European Investment Bank, Margrethe Vestager and Nadia Calviño, who are responsible for getting the takeover approved in Brussels.

The two candidates have reportedly put the airline order on the back burner, and Iberia is said to be unhappy at not having been able to submit the official reports on the takeover, which were due a few months ago.

According to Preferente, Iberia was also unable to hand over to the competition the documents containing the route concessions to avoid monopoly problems on certain routes.

The airlines are now hoping to have news until the end of 2024, as they were expecting Brussels' decision to be known next summer. However, according to experts consulted by El Confidencial, Brussels is probably not attaching enough importance to the deal, and they fear it could be cancelled.

Similarly, sources close to the process cite the fact that **"if Brussels cancelled the previous deal when planes were grounded because of Covid-19, it will be more complicated to convince it now that Iberia and Air Europa are set to make the biggest profits in their history"**.

(...)

My comment: *What if the operation fails?*

No doubt other European groups would be bidding. Air France-KLM has repeatedly expressed its interest in Air Europa.

For the record, the European Commission is concerned that the operation, as proposed, could give rise to competition problems on some 70 routes on which Iberia, Vueling and Air Europa are the main or even the only operators, notably between Spain and America.

Let me remind you that in August 2022, IAG exercised its option to exchange the 100 million euro loan to Globalia for a 20% stake in Air Europa.

Globalia is Spain's leading tourism group in terms of sales. Its businesses are grouped into 4 main areas:

- . air transport via Air Europa,*
- . hotels,*
- . handling (providing ground services to aircraft, loading and unloading baggage and managing check-in),*
- . and other activities.*

> Who will save SAS airline?

(source Reuters) September 27 - The airline, which had its heyday in the 1980s (...) has been struggling for over a decade to compete with low-cost rivals in Europe's fragmented aviation sector.

Hard hit by falling demand and travel restrictions during the pandemic, SAS is now looking for new investors, as are other national airlines such as Italy's ITA Airways and Portugal's TAP.

SAS hopes to raise SEK 9.5 billion (\$863 million) in new capital and convert SEK 20 billion (\$1.8 billion) of debt into equity.

The Danish state has said it is ready to increase its stake in SAS to around 30%, from the current 22%, and is looking for one or more shareholders to take a majority stake.

The Danish Ministry of Finance stated that any agreement would require SAS to maintain Copenhagen as a passenger hub.

Other potential bidders include US asset manager Apollo Global Management Inc. which last year provided SAS with a \$700 million bridge loan to see it through bankruptcy proceedings. Apollo could convert the loan into shares and thus become a major shareholder.

A source familiar with the matter said, ahead of Monday's deadline for bids, that Apollo was in "pole position" to become majority shareholder, and was aiming for a 70% stake.

This would be a test of European Union rules, which prevent more than 50% of an EU airline being owned outside the 27-member bloc.

Apollo has argued that a large part of its capital comes from European-based investors, but the issue has not been resolved, the source said.

The Swedish government, which also holds a 22% stake, has injected more than 8 billion kronor into the company, but **has rejected SAS's request for more money.**

Raising new capital would automatically reduce Sweden's stake in the airline. Sweden said last year that it planned to withdraw completely from the airline in the long term.

The Norwegian government has also declared that it will not contribute new capital. The country, which sold its remaining 10% stake in 2018 but remains a major creditor, said last year it would support a plan to turn loans into shares, but had no plans to be a long-term shareholder.

(...)

The deadline for final bids was Monday.

The SAS is expected to announce the winning bid on September 28, unless there are several qualified bids. In this case, SAS may hold an auction on October 2 and announce the result on October 5.

The European authorities will have to approve the new ownership structure before an agreement can be finalized. Once this has been achieved, SAS will be able to begin the process of exiting Chapter 11 bankruptcy protection, which could take place at the end of this year or next, said Pedersen.

My comment: *Two groups of investors, including US private equity group Apollo Global Management, are bidding to acquire Scandinavian airline SAS, Norwegian daily Aftenposten reported on Friday, citing unnamed sources.*

It was not possible to ascertain who was leading the second group of investors, the newspaper added.

Apollo Global Management's involvement in a number of companies in the air transport sector, which is not renowned for its ability to generate substantial profits, raises questions in my mind.

> **Lisbon's new airport: the end of the "Arlésienne"?**

(source Air Journal) September 29 - **Portugal's president said on Wednesday that he was "optimistic" that the first stone of the new Lisbon airport, which has been planned for over 50 years, would be laid by the end of his term of office.**

"For the first time ...), I'll just say that today I'm optimistic, because I was afraid I'd come to the end of my term of office without even having started to lay the first stone of the airport (...) probably at the end of the year", said Marcelo Rebelo de Sousa, in Albufeira.

By December 31, 2023, the Independent Technical Commission (CTI) will have to submit a report to the government with the conclusions of its work, indicating the best solution for the location of the future airport in the Lisbon region, given the saturation of the current Humberto Delgado airport, located in the north of the Portuguese capital. After that, a decision will have to be taken, which is not so simple on the face of it in Portugal, where the "airport question has been discussed for 50 years", lamented Economy Minister António Costa Silva, before concluding that "Portugal cannot turn into a society of indecision".

Asked about a new airport in the Lisbon area, Emirates CEO Tim Clark defended the idea of a major airport in Lisbon. For him, Lisbon's new airport is a problem that needs to be solved, rather than politicizing the debate, and it's to the Portuguese capital that international airlines want to fly.

(...)

Asked about the various options under consideration, the president of the United Arab Emirates airline stressed that "it's to Lisbon that the international aviation

community wants to go", because that's where its market is.

The limitations of Humberto Delgado airport, where Emirates has "two precious slots", are, according to the official, a problem for all airlines. "If you want to build another airport, build it. Build it big enough," stressed the airline's president, adding that this is a "fantastic opportunity" to make an airport technologically advanced and efficient in terms of carbon footprint.

My comment: *I'm always skeptical when it's announced that an airport will be expanded or even created.*

The list of failures is long:

- . the creation of T4 at Roissy (which was supposed to be the size of Orly airport)*
- . the creation of a new airport near Nantes, Notre Dame des Landes*
- . the opening of Lelystad airport near Amsterdam*
- . de-capping of Schiphol*
- . the third runway at Heathrow*
- . the new Mexico City airport*
- . the new Mirabel airport (Montreal)*
- . the Spanish airports of Ciudad Real, Castellón-Costa Azahar, Albacete,*

....

There have been a few recent counter-examples, in Turkey and China, and even in India, but in countries where democratic expression sometimes lacks fluidity.

> **Towards a new air tax**

(source Journal de l'Aviation) September 29 - Since the summer, representatives of the French airline industry have been alarmed at the possibility of the government creating a new tax that could weigh heavily on air transport. Despite the warnings sent out since the autumn, **the government has introduced a tax on the operation of long-distance transport infrastructures, headed by airports, in its Finance Bill for 2024.**

"In order to contribute to the financing of the 'plan for the future of transport' consisting of investments in infrastructure favoring the reduction of the impact of mobility on the environment, the PLF 2024 institutes a tax on large-scale operations of long-distance transport infrastructure. The expected annual yield is 600 million euros, divided essentially between major motorway concessions and large airfields", reads the bill.

The Union des Aéroports Français (UAF) explains that this tax will apply to airports with annual sales (excluding airport security and safety) in excess of 120 million euros, and a margin in excess of 10%. It will therefore affect ADP Group airports and the airports of Nice, Marseille and Lyon. A rate of 4.6% will be levied on sales in excess of the 120 million euro deductible.

The UAF denounces this additional burden on airports, which have already emerged

from the crisis in a very weakened position, and which must make heavy investments in their infrastructures and in decarbonizing their activities. Airline representatives (IATA, FNAM and SCARA) warn that it is they who will bear the brunt of this new tax, as the ADP group has already indicated that it plans to pass on part of the increase in charges in its tariffs.

"Absurd and damaging" according to IATA, this tax is a further threat to the competitiveness of the French flag, which is already weak, and to airlines' ability to invest in decarbonization. The FNAM points out that the current tax context has already been causing the French flag to lose one point of market share per year, to operators benefiting from a more favorable regulatory and tax environment in their home countries.

It is all the more unjustified in the FNAM's view, given that the revenues will be allocated to other modes of transport - in particular rail, the bill's stated priority in the transport sector. **For the FNAM, the sector does not need a new tax, but "a stable fiscal framework enabling airlines based in France to realize their investments in new fleets and to acquire sufficient quantities of the sustainable aeronautical fuels required for decarbonization".**

"This is a €150 million drain on efforts to make the French economy more competitive. The French parliament should reject these proposals and focus on environmental solutions such as sustainable aviation fuels and more efficient air traffic control, while encouraging long-haul connectivity in the country," says IATA Regional Vice President for Europe Rafael Schwartzman.

My comment: *This choice of taxation is incomprehensible.*

It clearly favors low-cost airlines like Ryanair and Volotea to the detriment of French airlines.

Air France and Transavia will be the hardest hit by the taxation of airport concessions. Just look at the list of airports concerned. Ryanair and Volotea do not land there.

This choice favors foreign hubs; someone from Toulouse or Bordeaux might prefer foreign hubs to Roissy Charles-de-Gaulle.

Finally, if a minimum ticket price were introduced (see my [letter n°928](#)), the increase in ticket prices would not contribute to decarbonizing the sector, but would enrich low-cost airlines,

Meanwhile, these same low-cost airlines continue to receive subsidies from local authorities (also in my [letter n°928](#)).

Special report: Tomorrow's sustainable aviation

> Rolls-Royce moves towards the propulsion of the future

(source Journal de l'Aviation) September 28 - **Rolls-Royce is conducting research on a number of fronts to offer low-emission systems to power future aircraft.**

Two advances have just been made by the engine manufacturer, one in **hydrogen propulsion** (in partnership with easyJet) **and the other in hybrid electric systems.**

With regard to the latter,

a compact turbine specifically designed for **hybrid-electric flights** has successfully completed its first burn. It is destined to be integrated into a light turbogenerator system, **aimed at the urban mobility market or even applications on helicopters or auxiliary power generators.**

Before that can happen, Rolls-Royce teams will have to learn from the trials to develop their knowledge of the system, analyze the data and verify the technical choices, in order to adapt the design for future trials and bring it to greater maturity. Rolls-Royce is nevertheless delighted to have achieved this result in such a short space of time. "The first fuel burn of our brand new small gas turbine represents a significant step forward, with successful milestones throughout the test, from ignition to system shutdown. This significant achievement follows the rapid development of the new turbine, which went from design freeze to test in less than two years," says Matheu Parr, Customer Director, Electrical Division, Rolls-Royce.

Hybridization of propulsion systems is a key step towards decarbonizing aviation, but **it does not blind us to another challenge: that of developing a hydrogen-powered engine.** This is the subject of another strand of research, carried out in partnership with easyJet and with the support of Loughborough University in the UK and the German aerospace center DLR.

Here, tests have been successfully carried out on a complete annular combustion chamber of a Pearl 700 engine with 100% hydrogen, showing that the fuel can be burned under conditions corresponding to an aircraft's maximum take-off thrust. After running an AE2100 engine on green hydrogen last year, Rolls-Royce believes that "the combustion element of the hydrogen program is now well understood". But the real work lies ahead, with the design and integration of the engine's fuel supply systems.

In the meantime, for these tests on the Pearl's combustion chamber, the engine manufacturer has designed new fuel spray nozzles to control the combustion process of hydrogen - which burns faster and at higher temperatures than kerosene. By gradually mixing the air with the hydrogen, they help manage the fuel's reactivity.

My comment: *The devil is in the detail.*

This formula applies well to the two announcements made here.

Hybrid-electric flights only concern very short routes; a solution that ADP is also testing (see [Letter n°930](#)), for medical and emergency routes.

Experts hope to see hybrid-electric aircraft in service from 2040 onwards, for routes of less than 500 km - routes not currently operated by most airlines.

Clearly, this solution will do nothing to facilitate the decarbonization of air travel by 2050.

As for the second announcement, hydrogen, we're only talking about engine development here. There is no question of the consequences for aircraft structure.

To be transported in liquid form (an imperative, as gaseous hydrogen takes up too much space), hydrogen has to be cooled to -253°C and kept at this temperature in a cryogenic tank. This solution is used on Ariane rockets (after the first two minutes required to leave the atmosphere, during which the fuel is solid propellant).

But this is a colossal challenge for aircraft manufacturers:
. in terms of safety (the slightest leak is fatal),
. in terms of duration (the need for a rocket is counted in minutes, a far cry from the ten hours or so required for an aircraft).

As for storage, liquid hydrogen tanks have to be cylindrical, which means fundamentally changing the structure of aircraft. The tank must either withstand high pressures, or have secondary systems to keep the hydrogen at low temperature, and at a pressure at least slightly higher than atmospheric pressure. What's more, liquefying hydrogen and keeping it at temperature has a high energy cost.

Here's what a hydrogen-powered aircraft might look like:



> Lufthansa estimates that it will have to consume half of Germany's electricity to fly green

(source Novethic) September 28 - The great disillusion (or not). **At a national aviation conference in Hamburg** on Monday September 25, Carsten Spohr, **CEO of Lufthansa, Europe's leading carrier, estimated that the company "would need around half of Germany's electricity to convert its entire current fleet to synthetic fuel"**. All of which goes to undermine the myth of the green aircraft, on which the industry relies to achieve carbon neutrality.

Synthetic fuels, also known as e-fuels, combine hydrogen and CO₂ captured from the air or industrial fumes. **To be considered green, they must be produced from decarbonized sources such as renewable energies**. These synthetic fuels are part of the family of sustainable aviation fuels (SAF), alongside biofuels, the only ones used today, and green hydrogen, still at the prototype stage.

And **the Federal Network Agency** and Federal Economics Minister Robert Habeck (Greens) "won't give me this **astronomical amount of electricity**", admits a lucid Carsten Spohr, who isn't giving up just yet. In his view, **the "realistic" solution is to buy this synthetic fuel "abroad, where wind or solar energy is available in practically unlimited quantities"**, he added, without naming any specific countries. This will be a "long road, but it's the right one", said Carsten Spohr with conviction. "The conclusion he draws is not," comments engineer Maxence Cordiez on LinkedIn. According to this energy specialist, "the priority is to decarbonize electricity for its current uses, before converting it to synthetic fuels". He also points out that **most of the countries positioning themselves to produce hydrogen for export are "countries whose electricity mix has a very high carbon intensity and/or where the population as a whole does not have access to electricity and/or where there are constraints on access to water (needed to produce hydrogen)"**.

In fact, it seems rather unrealistic that these countries will manage to meet this triple requirement: decarbonize their electricity, offer access to electricity for all, and produce enough electricity to produce synthetic fuels for export, in a relatively short timeframe. "Maxence Cordiez concludes: "In the end, the - hardly acceptable - conclusion that Lufthansa's CEO should have drawn is that **decarbonizing air traffic will also, and above all, require a sharp reduction in usage.**

But the question of traffic reduction remains taboo. To achieve zero net emissions by 2050, the main lever envisaged is offsetting, through the Corsia mechanism. This system, adopted in 2016, should enable the sector to compensate for the rise in its emissions in order to maintain them at their average 2019-2020 level, on a voluntary basis from 2024 and then compulsory from 2027. However, the system was once again revised downwards at the ICAO meeting. According to calculations by Transport & Environment (T&E), only 22% of total international emissions will be offset by 2030.

The other lever is based on sustainable air fuels, whose limitations are clear to see (not to mention soaring costs). For example, from 2025, the European Union will require an average 2% SAF content in kerosene for flights within and from Europe. In 2030, this percentage will rise to 6%, then progressively to 20% in 2035, 34% in 2040, 42% in 2045, rising to 70% by 2050, the date by which air transport is committed to achieving carbon neutrality.

Most of this SAF volume will come from biofuels. **But from 2030, it will also include a proportion of synthetic fuels.** It will be 1.2% in 2030, then 5% in 2035, and 35% in 2050. If this trajectory is respected, synthetic fuels will account for half of all sustainable fuels in Europe. **All that remains is to produce enough decarbonated electricity to make our planes really fly green...**

My comment: *I have a lot to say about the Lufthansa CEO's comments.*

Today, the African continent is the continent with the lowest electricity consumption: in 2019, average electricity consumption per capita was 560 kWh in Africa, just 17.2% of the global average of 3,265 kWh (7,043 kWh in France, 12,744 kWh in the USA, 5,119 kWh in China). The amount of electricity consumed in 2019 on the continent, 732 TWh, is barely higher than that of Germany: 644 TWh.

How can the CEO of Lufthansa claim to produce e-fuel in countries (in Africa, a priori) that are short of water and electricity?

How can he ask these countries to produce enough green electricity for Lufthansa to meet the needs of more than half of Africa's population?

Behind this kind of talk lies the idea that science will solve all problems. We call this scientism.

(The term scientism is used to designate the approach according to which problems concerning humanity and the world could best, if not perfectly, be solved according to the paradigm of the scientific method).

Nevertheless, it is possible to envisage that the problems of decarbonizing the air will find an answer in science. But not within the allotted timeframe, i.e. by 2050.

By 2050, there will be no long-haul electric aircraft, or even short-haul electric aircraft.

By 2050, there will be no hydrogen-powered aircraft: specialists envisage them only for the second half of the century.

By 2050, there will be no e-fuel (fuels made from CO₂ captured from the atmosphere, hydrogen extracted from water, green electricity). The amount of green energy needed to produce them will not be available (for Air France-KLM, this would

require six nuclear reactors). This option mentioned by the CEO of Lufthansa is a figment of his imagination, greenwashing without foundation.

So, what are the solutions available to airlines?

There are many. They include fleet renewal, improved flight conditions (more direct trajectories, continuous descent approaches, etc., most of which are described in my [letter n°835](#)). Airlines will also have to implement CO2 capture solutions.

And if that's not enough, they'll have to demonstrate sobriety, a word that's still taboo. This is especially true for Asian and African airlines, which are planning to increase their activity tenfold by 2050 (see my [newsletter n°930](#)).

Reminder: It's important not to forget the terms of the Paris Agreement: carbon neutrality is understood as the achievement of a balance between greenhouse gas emissions and carbon sinks, i.e. absorptions by ecosystems such as forests, grasslands, agricultural soils and wetlands, and by certain industrial processes, such as carbon capture and storage.

End of press review

> **Air France-KLM share price and oil price trends over the last six months**

Cours

Pétrole Brent Pétrole Brent ▼

94.62 USD +0.37%

VALEUR INDICATIVE 88.67 EUR

▼



My comment: The table above (source: Boursorama) compares Air France-KLM's share price (the red line) and Brent crude oil (the blue zone) over six months. It is clear that, over this period, when oil rises, Air France-KLM's share price falls (and vice versa).

As a reminder, the airlines suffered similar falls in August:

- . IAG: -5.84%,
- . EasyJet: -10.20%,

. Lufthansa: -7.40%,
. Delta : -9,38%,
. Air France-KLM: -8.80%.

> **Air France-KLM share price trend**

Air France-KLM shares closed at **11.94 euros** on Monday October 2. It is **up** this week by **+0.93%**. **This is the first time in a month that the share price has not fallen.**

In two months, the Air France-KLM share price has lost over 30%. Other airlines are no better off.

It was at 12.53 euros on January 2, 2023.

The analysts' 12-month average (consensus) for AF-KLM shares is 19.23 euros (it was 15.0 euros at the beginning of January). The highest price target is 24.00 euros, the lowest 11.0 euros. I only take into account analysts' opinions subsequent to the May 2022 capital increase.

You can find details of the analyst consensus on my blog.

My comment: *This is the first time in a month that the share price has not fallen.*

> **Fuel price trends this** week

The price of a barrel of Jet Fuel in Europe is up +\$2 to \$134. It was \$94 at the end of June, and \$79 before the outbreak of war in Ukraine.

Brent (North Sea) oil is stable at \$93 per barrel.

From mid-February 2022 to the end of July 2022, it yo-yoed between \$100 and \$120. Since then, it has oscillated between \$75 and \$99.

The spread between Jet Fuel in Europe and Brent crude oil is still abnormally high. It now stands at \$41, whereas it was around \$15 before the conflict in Ukraine. In 2022, at the start of the Ukrainian conflict, the spread was close to \$50.

My comment: *The spread between Jet Fuel in Europe and Brent crude oil is still abnormally high.*

It now stands at \$41, whereas it was around \$15 before the conflict in Ukraine. In 2022, at the start of the Ukrainian conflict, the differential was close to \$50.

This decorrelation between the price of Brent crude and the price of jet fuel has led airlines to review their fuel hedging strategies. Before the Ukrainian crisis, most fuel hedging was based on the price of Brent crude oil.

== quote: Air France-KLM Group UNIVERSAL RECORDING DOCUMENT 2022, page 173:

(Thus) the Air France-KLM Group had put in place a policy of systematically hedging fuel price risk essentially based on the price of oil (Brent).

At the start of the Ukrainian crisis, against a backdrop of high volatility and tension on the commodities market, the Air France-KLM Group integrated new hedging instruments on cracking margins to better cover the risk linked to the decoupling between indices reflecting the price of crude oil (Brent ICE) and indices reflecting the price of refined products (Gasoil ICE and Jet CIF NWE).

== end of quote

In short, part of the Air France-KLM Group's fuel hedging is now based on the price of Jet Fuel.)

Good to know

> Advice for current and former employee shareholders

You'll find [details of how to access the managers' websites](#) on my [navigation](#) site.

To avoid forgetting to change your contact details each time you change your postal address, **I advise you to enter a personal e-mail address.** This will be used for all correspondence with management bodies.

Keep all the documents relating to your Air France-KLM shares in one place: all the letters you receive from the various managers, Natixis Interépargne, Société Générale, and your personal financial institution if you bought your shares through it.

My comment: *If you have shares in one of the funds managed by Natixis Interépargne, remember to log in to your account manager once a year, to avoid it being considered inactive.*

*PEE
inactivity is governed by the Eckert law.*

After 5 years of inactivity, Natixis Interépargne sends a letter/email to those concerned asking them to log in to their account or to call Natixis Interépargne to reactivate their account.

Natixis Interépargne sends this information every year after 5 years of inactivity and up to the 10th year. After 10 years of inactivity, the assets are transferred to CDC, which holds them for 20 years.

This is the old 30-year prescription period, which breaks down into 2 stages: 10 years with the account keeper and 20 years with CDC.

Inactivity means not carrying out any transactions and/or not logging on to your account and/or not calling and/or not writing to Natixis Interépargne.

This system also applies to PERCO/PER since the PACTE law.

> **FCPE management**

When you invest in one of Air France's FCPE funds, you obtain shares in these funds. You do not hold shares directly.

It is the supervisory boards, which you elected in July 2021 for a five-year term, that manage the funds and make the decisions.

The Aeroactions, Majoractions and Concorde funds only hold Air France shares.

The Horizon Épargne Actions (HEA), Horizon Épargne Mixte (HEM) and Horizon Épargne Taux (HET) funds manage portfolios of various equities.

My comment: *If you'd like to find out more about how the various Air France FCPEs are managed, please [visit the Air France-KLM Employee Share Ownership section of my website](#).*

Details

This information does not constitute a solicitation to buy or sell Air France-KLM shares.

Please feel free to react to this press review or to send me any information or thoughts you may have to help me better carry out my role as a director of the Air France-KLM Group.

By return, you can ask me any questions you may have about the Air France-KLM group or employee share ownership...

See you soon.

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| François Robardet

former Director of Air France-KLM.

**You can find me on my twitter
account @FrRobardet**

***Nicolas Foretz, PNC, Director of Air France-KLM
representing employee and former employee
shareholders, PNC and PS***



To write to Nicolas: [message for Nicolas Foretz](#).

During our election, we received the support of the CFDT and the UNPNC.

This press review deals with subjects related to Air France-KLM shareholding.

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